

2000 GENERAL ASSEMBLY

FB 2000-2002

CONFERENCE BUDGET REPORT ANALYSIS

B. ECONOMIC DEVELOPMENT

APRIL 14, 2000

2000 REGULAR SESSION
FB 2000-2002
CONFERENCE BUDGET REPORT ANALYSIS

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CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Summary
Appropriation Unit:

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	16,093,000	16,093,000	16,093,000	13,183,400	12,863,400	13,183,400	13,535,800	13,129,800	13,535,800
Restricted Funds	3,388,800	3,388,800	3,388,800	5,179,000	4,044,000	5,279,000	5,350,000	4,426,000	5,450,000
Federal Funds	328,000	328,000	328,000	160,000	160,000	160,000	160,000	160,000	160,000
Regular Total Funds	19,809,800	19,809,800	19,809,800	18,522,400	17,067,400	18,622,400	19,045,800	17,715,800	19,145,800
General Fund Continuing	(184,900)	(184,900)	(184,900)						
GRAND TOTAL FUNDS	19,624,900	19,624,900	19,624,900	18,522,400	17,067,400	18,622,400	19,045,800	17,715,800	19,145,800
II. EXPENDITURE CATEGORY									
Personnel Costs	9,456,300	9,456,300	9,456,300	10,341,400	9,829,400	10,441,400	11,080,800	10,269,800	11,180,800
Operating Expenses	2,263,800	2,263,800	2,263,800	2,696,000	2,268,000	2,696,000	2,463,000	2,250,000	2,463,000
Grants, Loans, Benefits	7,220,800	7,220,800	7,220,800	5,470,000	4,970,000	5,470,000	4,890,000	4,990,000	4,890,000
Debt Service	666,000	666,000	666,000				612,000	206,000	612,000
Capital Outlay	18,000	18,000	18,000	15,000		15,000			
TOTAL EXPENDITURES	19,624,900	19,624,900	19,624,900	18,522,400	17,067,400	18,622,400	19,045,800	17,715,800	19,145,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	16,093,000	16,093,000	16,093,000	12,483,000	12,483,000	12,483,000	12,819,000	12,819,000	12,819,000
Restricted Funds	3,388,800	3,388,800	3,388,800	3,944,000	3,944,000	3,944,000	4,046,000	4,046,000	4,046,000
Federal Funds	328,000	328,000	328,000	160,000	160,000	160,000	160,000	160,000	160,000
Regular Total Funds	19,809,800	19,809,800	19,809,800	16,587,000	16,587,000	16,587,000	17,025,000	17,025,000	17,025,000
General Fund Continuing	(184,900)	(184,900)	(184,900)						
TOTAL BASE LEVEL	19,624,900	19,624,900	19,624,900	16,587,000	16,587,000	16,587,000	17,025,000	17,025,000	17,025,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				700,400	380,400	700,400	716,800	310,800	716,800
Restricted Funds				1,235,000	100,000	1,335,000	1,304,000	380,000	1,404,000
TOTAL ADDITIONAL				1,935,400	480,400	2,035,400	2,020,800	690,800	2,120,800

Agency: Summary
Appropriation Unit:

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				40,000,000		40,000,000			
Bond Funds				6,000,000	2,000,000	6,000,000			
TOTAL CAPITAL				46,000,000	2,000,000	46,000,000			

**CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY**

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Economic Development
Appropriation Unit: Secretary

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	4,491,000	4,491,000	4,491,000	1,955,000	1,635,000	1,955,000	1,392,000	1,392,000	1,392,000
Restricted Funds				3,063,000	1,928,000	3,163,000	2,900,000	2,236,000	3,000,000
Regular Total Funds	4,491,000	4,491,000	4,491,000	5,018,000	3,563,000	5,118,000	4,292,000	3,628,000	4,392,000
General Fund Continuing									
GRAND TOTAL FUNDS	4,491,000	4,491,000	4,491,000	5,018,000	3,563,000	5,118,000	4,292,000	3,628,000	4,392,000
II. EXPENDITURE CATEGORY									
Personnel Costs	1,370,000	1,370,000	1,370,000	2,162,000	1,650,000	2,262,000	2,300,000	1,749,000	2,400,000
Operating Expenses	321,000	321,000	321,000	741,000	313,000	741,000	472,000	259,000	472,000
Grants, Loans, Benefits	2,800,000	2,800,000	2,800,000	2,100,000	1,600,000	2,100,000	1,520,000	1,620,000	1,520,000
Capital Outlay				15,000		15,000			
TOTAL EXPENDITURES	4,491,000	4,491,000	4,491,000	5,018,000	3,563,000	5,118,000	4,292,000	3,628,000	4,392,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	4,491,000	4,491,000	4,491,000	1,355,000	1,355,000	1,355,000	1,392,000	1,392,000	1,392,000
Restricted Funds				1,828,000	1,828,000	1,828,000	1,856,000	1,856,000	1,856,000
Regular Total Funds	4,491,000	4,491,000	4,491,000	3,183,000	3,183,000	3,183,000	3,248,000	3,248,000	3,248,000
General Fund Continuing									
TOTAL BASE LEVEL	4,491,000	4,491,000	4,491,000	3,183,000	3,183,000	3,183,000	3,248,000	3,248,000	3,248,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				600,000	280,000	600,000			
Restricted Funds				1,235,000	100,000	1,335,000	1,044,000	380,000	1,144,000
TOTAL ADDITIONAL				1,835,000	380,000	1,935,000	1,044,000	380,000	1,144,000
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN	Coal County Development Office-Additional Personnel and Operating Expenses								
(C36MAAX01)	Provide funds to support personnel and operating expenses to expand the Coal County Development Office. (7 PFT positions).								
Restricted Funds				552,000		552,000	475,000		475,000
Total				552,000		552,000	475,000		475,000
2 NEW	Office of Secretary-Knowledge Based Economy Initiative								
(C36MINX05)	Provides funds to support the Strategic Technology Capacity Initiative Study, Manufacturing Modernization Project, and Office of Commissioner. SENATE: Provides support for Office of Commissioner.								
General Fund				600,000	280,000	600,000			

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch

Agency: Economic Development

Cabinet/Function: Economic Development

Appropriation Unit: Secretary

		FY 1999-2000			FY 2000-2001			FY 2001-2002		
		House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
V. ADDITIONAL BUDGET ITEMS										
2	NEW	Office of Secretary-Knowledge Based Economy Initiative								
(C36MINX05)	Provides funds to support the Strategic Technology Capacity Initiative Study, Manufacturing Modernization Project, and Office of Commissioner. SENATE: Provides support for Office of Commissioner.									
Restricted Funds					683,000		683,000	569,000	280,000	569,000
Total					1,283,000	280,000	1,283,000	569,000	280,000	569,000
4		West Kentucky Jobs Creation Corporation-Additional Operating Costs								
(C36AGA01)	Provide funds to increase support of the Corporation to \$458,000 in FY 2000-2001 and \$467,000 in FY 2001-2002.									
Restricted Funds						100,000	100,000		100,000	100,000
Total						100,000	100,000		100,000	100,000
TOTAL ADDITIONAL					1,835,000	380,000	1,935,000	1,044,000	380,000	1,144,000

FB 2000-2002 BUDGET MODIFICATION REPORT

Office of the Secretary

BRANCH BUDGET

The Branch Budget recommends funding for existing services and programs in FB 2000-2002 with the following exceptions:

The Branch Budget recommends utilizing two budget units for the entire cabinet instead of the existing structure which utilizes six budget units.

Additional General Fund support totaling \$1,850,000 in FY 2000-2001 is provided to support the Branch's recommended Knowledge Based Economy Initiative as follows: \$350,000 to fund the Modernization component which is to assist small and medium-sized manufactures to become more competitive in the global marketplace; \$1,000,000 for the Rural Innovation Fund component which will be used to assist companies or individuals in translating high-tech innovations developed in non-urban areas of the state into products. Vouchers will be granted to small, rural Kentucky-based companies to undertake research, development and entrepreneurial work in partnership with Kentucky Postsecondary institutions, the Small Business Development Center Network in Kentucky and other entities engaged in research and development work. In addition, the sum of \$500,000 is provided to fund the Strategic Technology Capacity component which will be used to: a) conduct a study to develop a knowledge based economy strategy, b) focus on recruitment of research and development companies, c) attract high-tech research and development centers to Kentucky, d) support the growth and creation of high-tech, innovative companies from within the Commonwealth, and e) build and promote networks of technology-driven and research intensive industries with their related suppliers.

Additional Restricted Funds totaling \$683,000 in FY 2000-2001 and \$569,000 in FY 2001-2002 is provided to support four permanent full-time positions and operating expenses associated with the Governor's Knowledge Based Economy Initiative.

Wage Equity Plan funding, which includes the value of an 5% adjustment in personnel costs, supplemented with additional General Fund support totaling \$5,000 in FY 2000-2001 is budgeted to provide a guaranteed COLA salary adjustment for each employee on July 1 each fiscal year equal to 2.4%. Additional salary adjustments equal to 1%, 2%, or 3% are provided for employees on anniversary increment dates based upon their length of service in his/her current job classification/grade. Individual employee salaries may also be increased due to proposed annual 2.4% COLA increase in state salary schedule or wage scale adjustments for selective job reclassifications to reduce non-competitive salary market.

Included in the Branch Budget recommendation, within the Local Government Special Funds budget, are General Fund dollars of \$33,305,300 in FY 2000-2001 and \$35,583,600 in FY 2001-2002 for the Local Government Economic Development Fund (LGEDF) for distribution to Kentucky coal producing counties in the form of economic development grants. The Branch Budget Bill includes a language provision which directs, Notwithstanding KRS 42.4586, the quarterly calculation of the allocation of money to coal producing counties through the LGEDF shall be made after a quarterly installment of the annual appropriation of \$938,300 in FY 2000-2001 and \$960,800 in FY 2001-2002 has been credited to the Secondary Wood Products Development Fund. These funds are recommended to support the Kentucky Woods Product Competitiveness Corporation.

Additional Restricted Funds support totaling \$552,000 in FY 2000-2001 and \$475,000 in FY 2001-2002 is provided to support the Coal County Development Office. The Branch Budget Bill, Part I, Operating Budget provides a Restricted Funds appropriation totaling \$880,000 in FY 2000-2001 and \$811,000 in FY 2001-2002 for the Coal County Development Office. The Branch Budget Bill, Part I, includes a language provision that directs, notwithstanding KRS 42.4592, funding for the Coal County Development Office is provided from the Local Government Economic Development Fund prior to any other statutory distribution from the Local Government Economic Development Fund.

The Branch Budget Bill, Part I, Operating Budget, appropriates Restricted Funds totaling \$461,000 in FY 2000-2001 and \$472,000 in FY 2001-2002 to the East Kentucky Jobs Creation Corporation and \$358,000 in FY 2000-2001 and \$367,000 in FY 2001-2002 to the West Kentucky Jobs Creation Corporation. The Branch Budget Bill, Part I, includes a language provision that directs, notwithstanding KRS 42.4592, funding for the East Kentucky Corporation and the West Kentucky Corporation is provided from the Local Government Economic Development Fund prior to any other statutory distribution from the Local Government Economic Development Fund. Language provision in Part I also directs that both

FB 2000-2002 BUDGET MODIFICATION REPORT

Office of the Secretary

Corporations are required to submit a quarterly financial and status report to the Legislative Research Commission and to the Interim Joint Committee on Appropriations and Revenue.

The Branch Budget Bill, Part I, Operating Budget appropriates Restricted Funds support totaling \$381,000 each year of the biennium to support and maintain projects of the Louisville Waterfront Development Corporation and \$300,000 each year of the biennium to continue support of the Kentucky Technology Service Grant program.

The Branch Budget Bill, Part I, Operating Budget, appropriates General Fund support totaling \$1,051,000 in FY 2000-2001 and \$1,097,000 in FY 2001-2002 for the Eastern, Western and Central Regional Offices.

The Branch Budget recommendation continues the General Fund support of \$500,000 each fiscal year of the biennium for the Cabinet's Advertising program

The Branch Budget Bill, Part IX, Special Provisions, includes language provisions relating to the East and West Kentucky Corporations' and the Kentucky Woods Product Competitiveness Corporation as follow:

a. East and West Kentucky Corporations' and Regional Offices' Strategic Plan: The East and West Kentucky Corporations shall each submit an annual plan to the Interim Joint Committee on Appropriations and Revenue and to the Cabinet for Economic Development defining and outlining their respective roles and responsibilities as they relate to, but do not duplicate, the programs of the Cabinet for Economic Development. The Cabinet for Economic Development shall provide to the Interim Joint Committee for Appropriations and Revenue an annual plan for the Regional Offices defining and outlining their efforts toward maximizing return on investments and reducing duplicative efforts with other regional development groups.

b. Kentucky Woods Product Competitiveness Corporation Reports: Notwithstanding KRS 154.47-035, beginning on or before January 15, 2001, and every year thereafter, the Kentucky Woods Product Competitiveness Corporation shall submit a written status report on its projects and activities to the Legislative Research Commission for referral to the appropriate committees. The annual report shall also include the amount of expenditure by activity within each county and the number of employees and relative salaries within the corporation.

HOUSE REPORT

LRC Note: The Branch Budget consolidates the current six budget units into the Economic Development and Debt Service Units.

The House concurs with the Branch Budget recommendation with the following changes: The House report reestablishes the current budget structure.

The House provides additional General Fund support totaling \$600,000 in FY 2000-2001 to support the Knowledge-Based Economy Initiative which includes the following: \$350,000 to support the Manufacturing Modernization Project, and \$250,000 to support the Strategic Technology Capacity Initiative Study.

The modified Wage Equity Plan in Part IV, as proposed for the revised Executive Budget, includes funding for the regular 5% annual increment for each employee. Funds are provided for employees' salaries affected by raising the entry level wage of all pay grades by an additional 7.4% on July 1, 2001, raising the job grade classifications that are three, four, or five pay grades below their proper pay grade as determined by the Personnel Cabinet and by providing that on July 1 of each year employees who are not in probationary status be paid no less than 105 percent of the entry level wage for their job classification.

FB 2000-2002 BUDGET MODIFICATION REPORT

Office of the Secretary

The House adds the following language provisions in Part IX, Special Provisions, relating to Coal County Development Office Reports and Funding for New Commissioner as follows:

- a. Coal County Development Office Reports: The Office of the Coal County Development shall provide a biannual progress report of the Local Government Economic Development Fund to the Legislative Research Commission for referral to the appropriate committees. The biannual report shall include, but not be limited to a progress report of the Regional Industrial Park Program and a summary report of the administration and distribution of grants within the single county accounts.
- b. Funding for New Commissioner: Notwithstanding KRS 154.20-030 to KRS 154.20-570, interest income earned on balances in the High-Technology Construction Pool and the Kentucky Economic Development Finance Authority High-Technology Investment Fund shall be used to support the Office of Commissioner for the New Economy, which shall be attached to the Cabinet for Economic Development. The Governor shall appoint the Commissioner who shall serve at the pleasure of the Governor.

SENATE REPORT

The Senate concurs with the House with the following changes: The Senate does not provide additional Restricted Funds for the Coal County Development Office.

The Senate provides additional Restricted Funds support totaling \$100,000 in each fiscal year of the biennium to the West Kentucky Jobs Creation Corporation increasing the total support for the Corporation to \$458,000 in FY 2000-2001 and \$467,000 in FY 2001-2002.

The Senate provides additional General Fund support totaling \$280,000 in FY 2000-2001 and Restricted Funds support totaling \$280,000 in FY 2001-2002 to establish the Office of Commissioner for the New Economy.

The Senate does not provide additional General Fund support for the Manufacturing Modernization Project and the Strategic Technology Capacity Initiative Study.

The Senate deletes Part IX, Special Provisions, language provision relating to Coal County Development Office Reports.

The Senate adds the following language provisions in Part IX, Special Provisions, relating to Local Government Economic Development Fund Reports and Funding for New Commissioner as follows:

- a. Local Government Economic Development Fund Reports: The Cabinet shall provide a biannual progress report of the Local Government Economic Development Fund to the Legislative Research Commission for referral to the appropriate committees. The biannual report shall include, but may not be limited to, a progress report of the Regional Industrial Park Program and a summary report of the distribution of grants within the single county accounts.
- b. Funding for New Commissioner: The Office of Commissioner for the New Economy, shall be established in the Cabinet for Economic Development and appointed at the pleasure of the Secretary

CONFERENCE REPORT

The Conference agrees with the House with the following changes: The Conference provides additional Restricted Funds support totaling \$100,000 in each fiscal year of the biennium to the West Kentucky Jobs Creation Corporation increasing the total support for the Corporation to \$458,000 in FY 2000-2001 and \$467,000 in FY 2001-2002.

The Conference modifies the following language provision in Part IX, Special Provisions, relating to Funding for New Commissioner as follows:

FB 2000-2002
BUDGET MODIFICATION REPORT

Office of the Secretary

a. Funding for New Commissioner: Notwithstanding KRS 154.20-030 to KRS 154.20-570, interest income earned on balances in the High-Technology Construction Pool and the Kentucky Economic Development Finance Authority High-Technology Investment Fund shall be used to support the Office of Commissioner for the New Economy, which shall be attached to the Cabinet for Economic Development. Pursuant to KRS 12.050, the Governor shall appoint the Commissioner with the approval of the Economic Development Partnership Board.

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Economic Development
Appropriation Unit: Administration and Support

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,008,000	2,008,000	2,008,000	2,104,500	2,104,500	2,104,500	2,198,700	2,198,700	2,198,700
Restricted Funds	223,000	223,000	223,000	160,000	160,000	160,000	160,000	160,000	160,000
Regular Total Funds	2,231,000	2,231,000	2,231,000	2,264,500	2,264,500	2,264,500	2,358,700	2,358,700	2,358,700
General Fund Continuing									
GRAND TOTAL FUNDS	2,231,000	2,231,000	2,231,000	2,264,500	2,264,500	2,264,500	2,358,700	2,358,700	2,358,700
II. EXPENDITURE CATEGORY									
Personnel Costs	1,551,200	1,551,200	1,551,200	1,577,500	1,577,500	1,577,500	1,653,700	1,653,700	1,653,700
Operating Expenses	679,800	679,800	679,800	687,000	687,000	687,000	705,000	705,000	705,000
TOTAL EXPENDITURES	2,231,000	2,231,000	2,231,000	2,264,500	2,264,500	2,264,500	2,358,700	2,358,700	2,358,700
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,008,000	2,008,000	2,008,000	2,097,000	2,097,000	2,097,000	2,191,000	2,191,000	2,191,000
Restricted Funds	223,000	223,000	223,000	160,000	160,000	160,000	160,000	160,000	160,000
Regular Total Funds	2,231,000	2,231,000	2,231,000	2,257,000	2,257,000	2,257,000	2,351,000	2,351,000	2,351,000
General Fund Continuing									
TOTAL BASE LEVEL	2,231,000	2,231,000	2,231,000	2,257,000	2,257,000	2,257,000	2,351,000	2,351,000	2,351,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				7,500	7,500	7,500	7,700	7,700	7,700
TOTAL ADDITIONAL				7,500	7,500	7,500	7,700	7,700	7,700
V. ADDITIONAL BUDGET ITEMS									
1 NEW Wage Equity Plan									
(C36HAAX01) Provide funds to support salary improvement.									
General Fund				7,500	7,500	7,500	7,700	7,700	7,700
Total				7,500	7,500	7,500	7,700	7,700	7,700
TOTAL ADDITIONAL				7,500	7,500	7,500	7,700	7,700	7,700

FB 2000-2002 BUDGET MODIFICATION REPORT

Administration and Support

BRANCH BUDGET

The Branch Budget recommends funding for existing services and programs in FB 2000-2002 with the following exception:

The Branch Budget recommends utilizing two budget units for the entire cabinet instead of the existing structure which utilizes six budget units.

Wage Equity Plan funding, which includes the value of an 5% adjustment in personnel costs, supplemented with additional General Fund support totaling \$23,000 in FY 2000-2001 and \$14,000 in FY 2001-2002 is budgeted to provide a guaranteed COLA salary adjustment for each employee on July 1 each fiscal year equal to 2.4%. Additional salary adjustments equal to 1%, 2%, or 3% are provided for employees on anniversary increment dates based upon their length of service in his/her current job classification/grade. Individual employee salaries may also be increased due to proposed annual 2.4% COLA increase in state salary schedule or wage scale adjustments for selective job reclassifications to reduce non-competitive salary market.

HOUSE REPORT

LRC Note: The Branch Budget consolidates the current six budget units into the Economic Development and Debt Service Units.

The House concurs with the Branch Budget recommendation with the following changes: The House report reestablishes the current budget structure.

The modified Wage Equity Plan in Part IV, as proposed for the revised Executive Budget, includes funding for the regular 5% annual increment for each employee. In addition, funds are provided in the amount of \$7,500 in FY 2000-2001 and \$7,700 in FY 2001-2002 for employees' salaries affected by raising the entry level wage of all pay grades by an additional 7.4% on July 1, 2001, raising the job grade classifications that are three, four, or five pay grades below their proper pay grade as determined by the Personnel Cabinet and by providing that on July 1 of each year employees who are not in probationary status be paid no less than 105 percent of the entry level wage for their job classification.

SENATE REPORT

The Senate concurs with the House.

CONFERENCE REPORT

The Conference concurs with the House and Senate.

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Economic Development
Appropriation Unit: Business Development

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,413,000	2,413,000	2,413,000	2,503,400	2,503,400	2,503,400	2,571,800	2,571,800	2,571,800
Federal Funds	168,000	168,000	168,000						
Regular Total Funds	2,581,000	2,581,000	2,581,000	2,503,400	2,503,400	2,503,400	2,571,800	2,571,800	2,571,800
General Fund Continuing									
GRAND TOTAL FUNDS	2,581,000	2,581,000	2,581,000	2,503,400	2,503,400	2,503,400	2,571,800	2,571,800	2,571,800
II. EXPENDITURE CATEGORY									
Personnel Costs	2,044,400	2,044,400	2,044,400	1,956,400	1,956,400	1,956,400	2,019,800	2,019,800	2,019,800
Operating Expenses	523,600	523,600	523,600	547,000	547,000	547,000	552,000	552,000	552,000
Capital Outlay	13,000	13,000	13,000						
TOTAL EXPENDITURES	2,581,000	2,581,000	2,581,000	2,503,400	2,503,400	2,503,400	2,571,800	2,571,800	2,571,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,413,000	2,413,000	2,413,000	2,416,000	2,416,000	2,416,000	2,480,000	2,480,000	2,480,000
Federal Funds	168,000	168,000	168,000						
Regular Total Funds	2,581,000	2,581,000	2,581,000	2,416,000	2,416,000	2,416,000	2,480,000	2,480,000	2,480,000
General Fund Continuing									
TOTAL BASE LEVEL	2,581,000	2,581,000	2,581,000	2,416,000	2,416,000	2,416,000	2,480,000	2,480,000	2,480,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				87,400	87,400	87,400	91,800	91,800	91,800
TOTAL ADDITIONAL				87,400	87,400	87,400	91,800	91,800	91,800
V. ADDITIONAL BUDGET ITEMS									
1 EXPFFR	Business Development - Geographical Information System								
(C36FJIX01)	Provide funds to replace Federal Funds support for one PFT position within GIS.								
General Fund				81,000	81,000	81,000	85,000	85,000	85,000
Total				81,000	81,000	81,000	85,000	85,000	85,000
2 NEW	Wage Equity Plan								
(C36FJIX02)	Provide funds to support salary improvement.								
General Fund				6,400	6,400	6,400	6,800	6,800	6,800
Total				6,400	6,400	6,400	6,800	6,800	6,800
TOTAL ADDITIONAL				87,400	87,400	87,400	91,800	91,800	91,800

FB 2000-2002 BUDGET MODIFICATION REPORT

Business Development

BRANCH BUDGET

The Branch Budget recommends funding for existing services and programs in FB 2000-2002 with the following exceptions:

The Branch Budget recommends utilizing two budget units for the entire cabinet instead of the existing structure which utilizes six budget units.

Wage Equity Plan funding, which includes the value of an 5% adjustment in personnel costs, supplemented with additional General Fund support totaling \$17,000 in FY 2000-2001 and \$30,000 in FY 2001-2002 is budgeted to provide a guaranteed COLA salary adjustment for each employee on July 1 each fiscal year equal to 2.4%. Additional salary adjustments equal to 1%, 2%, or 3% are provided for employees on anniversary increment dates based upon their length of service in his/her current job classification/grade. Individual employee salaries may also be increased due to proposed annual 2.4% COLA increase in state salary schedule or wage scale adjustments for selective job reclassifications to reduce non-competitive salary market.

Additional General Fund support totaling \$81,000 in FY 2000-2001 and \$85,000 in FY 2001-2002 is provided to replace Federal Funds to support one PFT position within the Geographical Information System. The Branch Budget recommendation combined the Cabinet's layer of the Statewide Geographical Information System with the Site Evaluation Division and provides a total recommended appropriation for the Division of \$569,000 in FY 2000-2001 and \$566,000 in FY 2001-2002.

HOUSE REPORT

LRC Note: The Branch Budget consolidates the current six budget units into the Economic Development and Debt Service Units.

The House concurs with the Branch Budget recommendation with the following changes: The House report reestablishes the current budget structure.

The modified Wage Equity Plan in Part IV, as proposed for the revised Executive Budget, includes funding for the regular 5% annual increment for each employee. In addition, funds are provided in the amount of \$6,400 in FY 2000-2001 and \$6,800 in FY 2001-2002 for employees' salaries affected by raising the entry level wage of all pay grades by an additional 7.4% on July 1, 2001, raising the job grade classifications that are three, four, or five pay grades below their proper pay grade as determined by the Personnel Cabinet and by providing that on July 1 of each year employees who are not in probationary status be paid no less than 105 percent of the entry level wage for their job classification.

SENATE REPORT

The Senate concurs with the House.

CONFERENCE REPORT

The Conference concurs with the House and Senate.

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Economic Development
Appropriation Unit: Financial Incentives

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,353,000	3,353,000	3,353,000	3,669,400	3,669,400	3,669,400	3,693,200	3,693,200	3,693,200
Restricted Funds	2,999,200	2,999,200	2,999,200	1,768,000	1,768,000	1,768,000	1,834,000	1,834,000	1,834,000
Regular Total Funds	6,352,200	6,352,200	6,352,200	5,437,400	5,437,400	5,437,400	5,527,200	5,527,200	5,527,200
General Fund Continuing	(184,900)	(184,900)	(184,900)						
GRAND TOTAL FUNDS	6,167,300	6,167,300	6,167,300	5,437,400	5,437,400	5,437,400	5,527,200	5,527,200	5,527,200
II. EXPENDITURE CATEGORY									
Personnel Costs	1,994,800	1,994,800	1,994,800	2,062,400	2,062,400	2,062,400	2,143,200	2,143,200	2,143,200
Operating Expenses	286,000	286,000	286,000	275,000	275,000	275,000	284,000	284,000	284,000
Grants, Loans, Benefits	3,881,500	3,881,500	3,881,500	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Capital Outlay	5,000	5,000	5,000						
TOTAL EXPENDITURES	6,167,300	6,167,300	6,167,300	5,437,400	5,437,400	5,437,400	5,527,200	5,527,200	5,527,200
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,353,000	3,353,000	3,353,000	3,669,000	3,669,000	3,669,000	3,693,000	3,693,000	3,693,000
Restricted Funds	2,999,200	2,999,200	2,999,200	1,768,000	1,768,000	1,768,000	1,834,000	1,834,000	1,834,000
Regular Total Funds	6,352,200	6,352,200	6,352,200	5,437,000	5,437,000	5,437,000	5,527,000	5,527,000	5,527,000
General Fund Continuing	(184,900)	(184,900)	(184,900)						
TOTAL BASE LEVEL	6,167,300	6,167,300	6,167,300	5,437,000	5,437,000	5,437,000	5,527,000	5,527,000	5,527,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				400	400	400	200	200	200
TOTAL ADDITIONAL				400	400	400	200	200	200
V. ADDITIONAL BUDGET ITEMS									
2 NEW	Wage Equity Plan								
(C36GBSX02)	Provide funds to support salary improvement.								
General Fund				400	400	400	200	200	200
Total				400	400	400	200	200	200
TOTAL ADDITIONAL				400	400	400	200	200	200

FB 2000-2002 BUDGET MODIFICATION REPORT

Financial Incentives

BRANCH BUDGET

The Branch Budget recommends funding for existing services and programs in FB 2000-2002 with the following exceptions:

The Branch Budget recommends utilizing two budget units for the entire cabinet instead of the existing structure which utilizes six budget units.

Wage Equity Plan funding, which includes the value of an 5% adjustment in personnel costs, supplemented with additional General Fund support totaling \$7,000 in FY 2000-2001 and \$2,000 in FY 2001-2002 is budgeted to provide a guaranteed COLA salary adjustment for each employee on July 1 each fiscal year equal to 2.4%. Additional salary adjustments equal to 1%, 2%, or 3% are provided for employees on anniversary increment dates based upon their length of service in his/her current job classification/grade. Individual employee salaries may also be increased due to proposed annual 2.4% COLA increase in state salary schedule or wage scale adjustments for selective job reclassifications to reduce non-competitive salary market.

The Branch Budget Bill, Part I, Operating Budget, provides a total recommended appropriation for the Bluegrass State Skills Corporation of \$3,669,000 in FY 2000-2001 and \$3,693,000 in FY 2001-2002. Language provision in Part I also directs the Bluegrass State Skills Corporation to submit a quarterly financial report to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Interim Joint Committee on Appropriation and Revenue; the General Fund appropriation for FY 1999-2000 and for FY 2000-2001 for the Corporation shall be continued and not lapse to the General Fund Surplus Account, notwithstanding KRS 45.229; Notwithstanding KRS 154.12-207, the Secretary is directed to take such action as may be necessary to execute contractual agreements for designated skills training and education projects for which funds have been specifically appropriated; and, No commitment for employee training shall be made beyond the ability of the Cabinet to fund the project within the appropriation for the current biennium.

The Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs balances in the Special Revenue Fund accounts, after all appropriations authorized in this Bill are funded, shall lapse to the Deferred Maintenance Account at the end of each fiscal year.

The Branch Budget Bill, Part II, Capital Projects Budget, provides additional Restricted Funds totaling \$20,000,000 in FY 2000-2001 to be received from the Kentucky Economic Development Finance Authority program fund balance for a High Tech Economy Capital Project Pool. These funds are to support projects which have a special emphasis on the creation of high-tech jobs and are to be matched with private dollars.

The Branch Budget Bill, Part IX, Special Provisions, includes a language provision relating to the Bluegrass State Skills Corporation as follow: Bluegrass State Skills Corporation: The Bluegrass State Skills Corporation shall submit quarterly progress reports for the training investment credits program to the Legislative Research Commission for referral to the appropriate committees .

HOUSE REPORT

LRC Note: The Branch Budget consolidates the current six budget units into the Economic Development and Debt Service Units.

The House concurs with the Branch Budget recommendation with the following changes: The House report reestablishes the current budget structure.

The modified Wage Equity Plan in Part IV, as proposed for the revised Executive Budget, includes funding for the regular 5% annual increment for each employee. In addition, funds are provided in the amount of \$400 in FY 2000-2001 and \$200 in FY 2001-2002 for employees' salaries affected by raising the entry level wage of all pay grades by an additional

FB 2000-2002 BUDGET MODIFICATION REPORT

Financial Incentives

7.4% on July 1, 2001, raising the job grade classifications that are three, four, or five pay grades below their proper pay grade as determined by the Personnel Cabinet and by providing that on July 1 of each year employees who are not in probationary status be paid no less than 105 percent of the entry level wage for their job classification.

In Part II, Capital Projects Budget, the House itemizes the following projects from the previously authorized but unissued balance of the Economic Development Bond Pool: Grayson Lake-Golf Course Development, \$4,500,000; Southeast Kentucky Center for Business Technology and Innovation, Madison County, \$4,000,000; South Central Kentucky Technology Center, Warren County, \$4,000,000; Northeast Kentucky Regional Industrial Park Authority, for the East Park Industrial, Technology and Innovation Training Center, Boyd County \$2,000,000; Tourism Development Loan Program, \$1,500,000; City of Prestonsburg to construct sidewalks and other improvements for the mountain top project, \$1,000,000; Morgan County water line connections for regionalization of water resources, \$1,000,000; and Blue Licks State Resort Park for food service expansions at the Lodge and Daniel Boone Cabin Preservation, \$750,000.

In Part II, Capital Projects Budget, the House provides Restricted Fund support from the Kentucky Economic Development Finance Authority funds in FY 2000-2001 totaling \$20,000,000 to support a High-Tech Construction Pool and \$20,000,000 to support a High-Tech Investment Pool. The House also provides in Part II, Capital Projects Budget, \$2,000,000 in Bond Funds in FY 2000-2001 to support Economic Opportunity Zones.

The House adds the following Part IX language provisions relating to the High-Tech Construction Pool, High-Tech Investment Pool and Economic Development Reports to read:

a. High-Tech Construction Pool: Notwithstanding KRS 154.20-030 to KRS 154.20-570, \$20,000,000 of the Kentucky Economic Development Finance Authority funds are authorized to support a High-Technology Construction Pool. This construction pool will be used for projects with a special emphasis on the creation of high-technology jobs. The Commissioner of the Office for the New Economy shall administer and authorize the distribution of funds from the pool including the authority to designate a project match requirement for a limited amount of fund support from the Construction Pool. The Commissioner shall determine the amount of Pool funds that shall be set aside for the match requirement. Any funds used for matching purposes may include public and private funds. Individual projects may be identified and authorized from this High-Technology Construction Pool consistent with the provisions and reporting requirements set forth in Part II, Capital Projects Budget Provisions, Section 9, of this bill.

b. High-Tech Investment Pool: Notwithstanding KRS 154.20-030 to KRS 154.20-570 or any other Kentucky statute to the contrary, \$20,000,000 of the Kentucky Economic Development Finance Authority funds are authorized to be used to build and promote networks of technology-driven and research-intensive industries as well as their related suppliers with the goal of creating clusters of innovation-driven industries in Kentucky as embodied in House Bill 572 as considered by the 2000 Regular Session of the General Assembly. These funds are authorized to be used to support loans and grants, or to secure an equity position in industrial networks of this character. The Commissioner of the Office for the New Economy shall administer and authorize the distribution of funds from the pool.

c. Economic Development Reports: The Economic Development Cabinet shall submit quarterly project status summary reports by project of each Grant, Tax Credit, Loan, and Economic Development Bond Pool Fund support, or any other public funds to be used as an economic development incentive, including job training, as approved by the Kentucky Economic Development Finance Authority, the Economic Development Cabinet, or any other authority or board within the Cabinet, to the Legislative Research Commission for referral to the appropriate committees. The quarterly project status summary report shall include but not be limited to: the name of the participating company; the value and type of development assistance provided; employee projections; the costs per job; the average hourly pay; the total project cost, and the potential tax credit assigned to the project.

FB 2000-2002 BUDGET MODIFICATION REPORT

Financial Incentives

SENATE REPORT

The Senate concurs with the House with the following changes: The Senate deletes, Part II, Capital Projects Budget, itemized Economic Development Bond Pool projects and deletes the Restricted Funds support for the High-Tech Construction Pool and the High-Tech Investment Pool.

The Senate deletes Part IX, Special Provisions, language provisions for the High-Tech Construction Pool and the High-Tech Investment Pool, and adds language provisions relating to High-Tech Construction Loans and High-Tech Investment Loans as follows:

- a. High-Tech Construction Loans: The Kentucky Economic Development Finance Authority is authorized to utilize up to \$20,000,000 for loans to match private funding for projects with a special emphasis on the creation of high-technology jobs. Individual projects may be identified and authorized consistent with the provisions and reporting requirements set forth in Part II, Section 9, of this Act.
- b. High-Tech Investment Loans: The Kentucky Economic Development Finance Authority is authorized to utilize up to \$20,000,000 for loans, grants, or to secure an equity position in industrial networks, to build and promote networks of technology-driven and research-intensive industries as well as their related suppliers. The goal of the Loans shall be to create clusters of innovation-driven industries in Kentucky.

CONFERENCE REPORT

The Conference concurs with the House with the following changes: The Conference adds a Part III language provision which directs the Kentucky Economic Development Finance Authority to order a track that fails to complete a qualifying capital improvement or make qualifying expenditures for horsemen's incentives to repay to the state all or any portion of the amount of the tax credit received by the track.

The Conference modifies the following Part IX language provisions relating to the High-Tech Construction Pool and the High-Tech Investment Pool to read:

- a. High-Tech Construction Pool: Notwithstanding KRS 154.20-030 to KRS 154.20-570, \$20,000,000 of the Kentucky Economic Development Finance Authority funds are authorized to support a High-Technology Construction Pool. This construction pool will be used for projects with a special emphasis on the creation of high-technology jobs. The Commissioner of the Office for the New Economy shall administer the Pool and recommend distribution of funds and projects to the Kentucky Economic Development Finance Authority for its approval. The Commissioner shall recommend any designated amount of Pool funds to be set aside for any match requirement. Any funds used for matching purposes may include public and private funds. Individual projects may be identified and authorized from this High-Technology Construction Pool consistent with the provisions and reporting requirements set forth in Part II, Capital Projects Budget Provisions, Section 9, of this bill.
- b. High-Tech Investment Pool: Notwithstanding KRS 154.20-030 to KRS 154.20-570 or any other Kentucky statute to the contrary, \$20,000,000 of the Kentucky Economic Development Finance Authority funds are authorized to be used to build and promote networks of technology-driven and research-intensive industries as well as their related suppliers with the goal of creating clusters of innovation-driven industries in Kentucky as embodied in House Bill 572 as considered by the 2000 Regular Session of the General Assembly. These funds are authorized to be used to support loans and grants, or to secure an equity position in industrial networks of this character. The Commissioner of the Office for the New Economy shall administer the pool and shall recommend projects to the Kentucky Economic Development Finance Authority for its approval.

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- CAPITAL BUDGET SUMMARY

Governmental Branch: Executive Branch

Agency: Economic Development

Cabinet/Function: Economic Development

Appropriation Unit: Financial Incentives

FY 1999-2000			FY 2000-2001			FY 2001-2002		
House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. CAPITAL PROJECT RECAP BY FUND SOURCE								
Restricted Funds			40,000,000		40,000,000			
Bond Funds			6,000,000	2,000,000	6,000,000			
TOTAL CAPITAL			46,000,000	2,000,000	46,000,000			
II. CAPITAL PROJECTS								
1 (C360198)	Economic Development Bond Pool-Reauthorization (\$32,203,000-Bond Funds)							
Bond Funds			4,000,000		4,000,000			
Total			4,000,000		4,000,000			
3 (C36GEXX03)	High-Tech Construction Pool							
Restricted Funds			20,000,000		20,000,000			
Total			20,000,000		20,000,000			
4 (C36DGA01)	High-Tech Investment Pool							
Restricted Funds			20,000,000		20,000,000			
Total			20,000,000		20,000,000			
5 (C36DGA02)	Economic Opportunity Zones							
Bond Funds			2,000,000	2,000,000	2,000,000			
Total			2,000,000	2,000,000	2,000,000			
TOTAL			46,000,000	2,000,000	46,000,000			

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CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Economic Development
Appropriation Unit: Community Development

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,162,000	3,162,000	3,162,000	2,951,100	2,951,100	2,951,100	3,068,100	3,068,100	3,068,100
Restricted Funds	166,600	166,600	166,600	188,000	188,000	188,000	456,000	196,000	456,000
Federal Funds	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Regular Total Funds	3,488,600	3,488,600	3,488,600	3,299,100	3,299,100	3,299,100	3,684,100	3,424,100	3,684,100
General Fund Continuing									
GRAND TOTAL FUNDS	3,488,600	3,488,600	3,488,600	3,299,100	3,299,100	3,299,100	3,684,100	3,424,100	3,684,100
II. EXPENDITURE CATEGORY									
Personnel Costs	2,495,900	2,495,900	2,495,900	2,583,100	2,583,100	2,583,100	2,964,100	2,704,100	2,964,100
Operating Expenses	453,400	453,400	453,400	446,000	446,000	446,000	450,000	450,000	450,000
Grants, Loans, Benefits	539,300	539,300	539,300	270,000	270,000	270,000	270,000	270,000	270,000
TOTAL EXPENDITURES	3,488,600	3,488,600	3,488,600	3,299,100	3,299,100	3,299,100	3,684,100	3,424,100	3,684,100
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,162,000	3,162,000	3,162,000	2,946,000	2,946,000	2,946,000	3,063,000	3,063,000	3,063,000
Restricted Funds	166,600	166,600	166,600	188,000	188,000	188,000	196,000	196,000	196,000
Federal Funds	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Regular Total Funds	3,488,600	3,488,600	3,488,600	3,294,000	3,294,000	3,294,000	3,419,000	3,419,000	3,419,000
General Fund Continuing									
TOTAL BASE LEVEL	3,488,600	3,488,600	3,488,600	3,294,000	3,294,000	3,294,000	3,419,000	3,419,000	3,419,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				5,100	5,100	5,100	5,100	5,100	5,100
Restricted Funds							260,000		260,000
TOTAL ADDITIONAL				5,100	5,100	5,100	265,100	5,100	265,100
V. ADDITIONAL BUDGET ITEMS									
2 NEW	International Trade - New Trade Office								
(C36ECTX01)	Provide funds to support a new International Trade Representative (\$50,000) and to establish a Trade Office in South America (\$210,000).								
Restricted Funds							260,000		260,000
Total							260,000		260,000
3 NEW	Wage Equity Plan								
(C36ECBX02)	Provide funds to support salary improvement.								

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch:		Executive Branch			Agency:			Economic Development		
Cabinet/Function:		Economic Development			Appropriation Unit:			Community Development		
		FY 1999-2000			FY 2000-2001			FY 2001-2002		
		House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
V. ADDITIONAL BUDGET ITEMS										
3	NEW	Wage Equity Plan								
(C36ECBX02)		Provide funds to support salary improvement.								
General Fund					5,100	5,100	5,100	5,100	5,100	5,100
Total					5,100	5,100	5,100	5,100	5,100	5,100
TOTAL ADDITIONAL					5,100	5,100	5,100	265,100	5,100	265,100

FB 2000-2002 BUDGET MODIFICATION REPORT

Community Development

BRANCH BUDGET

The Branch Budget recommends funding for existing services and programs in FB 2000-2002 with the following exceptions:

The Branch Budget recommends utilizing two budget units for the entire cabinet instead of the existing structure which utilizes six budget units.

Additional Restricted Funds support totaling \$210,000 in FY 2001-2002 is provided to establish an International Trade office in South America and \$50,000 for a new trade representative within the International Trade Division. The Branch Budget continues the General Fund appropriation of \$100,000 each year of the biennium to support the Mexico Trade Office, a joint effort between the Department of Agriculture and the Cabinet for Economic Development.

Wage Equity Plan funding, which includes the value of an 5% adjustment in personnel costs, supplemented with additional General Fund support totaling \$15,000 in FY 2000-2001 and \$8,000 in FY 2001-2002 is budgeted to provide a guaranteed COLA salary adjustment for each employee on July 1 each fiscal year equal to 2.4%. Additional salary adjustments equal to 1%, 2%, or 3% are provided for employees on anniversary increment dates based upon their length of service in his/her current job classification/grade. Individual employee salaries may also be increased due to proposed annual 2.4% COLA increase in state salary schedule or wage scale adjustments for selective job reclassifications to reduce non-competitive salary market.

The Branch Budget Bill, Part I, Operating Budget, appropriates General Fund support totaling \$250,000 each fiscal year of the biennium for the Flexible Manufacturing Networks concepts and \$50,000 each fiscal year of the biennium for the Small Business Development Center at the University of Kentucky.

The Branch Budget Bill, Part IX, Special Provisions, includes language provisions relating to the Regional Industrial Park Program, the Regional Offices and the Flexible Manufacturing Network Program as follow:

- a) Regional Industrial Park Program Reports: The Cabinet shall provide a progress report of the Regional Industrial Park program to the Legislative Research Commission for referral to the appropriate committees by December first of each fiscal year.
- b) Regional Offices: The Regional Offices shall submit quarterly program and status reports to the Legislative Research Commission for referral to the appropriate committees.
- c) Flexible Manufacturing Network Program Reports: The Cabinet shall continue to provide quarterly program and financial status reports of the Flexible Manufacturing Network program to the Legislative Research Commission for referral to the appropriate committees.

HOUSE REPORT

LRC Note: The Branch Budget consolidates the current six budget units into the Economic Development and Debt Service Units.

The House concurs with the Branch Budget recommendation with the following changes: The House report reestablishes the current budget structure.

The modified Wage Equity Plan in Part IV, as proposed for the revised Executive Budget, includes funding for the regular 5% annual increment for each employee. In addition, funds are provided in the amount of \$5,100 in FY 2000-2001 and \$5,100 in FY 2001-2002 for employees' salaries affected by raising the entry level wage of all pay grades by an

**FB 2000-2002
BUDGET MODIFICATION REPORT**

Community Development

additional 7.4% on July 1, 2001, raising the job grade classifications that are three, four, or five pay grades below their proper pay grade as determined by the Personnel Cabinet and by providing that on July 1 of each year employees who are not in probationary status be paid no less than 105 percent of the entry level wage for their job classification.

SENATE REPORT

The Senate concurs with the House with the following change: The Senate does not provide additional Restricted Funds for an International Trade office in South America or a new trade representative within the International Trade Division.

CONFERENCE REPORT

The Conference concurs with the House.

CONFERENCE BUDGET REPORT ANALYSIS
2000 GENERAL ASSEMBLY -- OPERATING BUDGET SUMMARY

Governmental Branch: Executive Branch
Cabinet/Function: Economic Development

Agency: Economic Development
Appropriation Unit: Debt Service

	FY 1999-2000			FY 2000-2001			FY 2001-2002		
	House	Senate	Conference	House	Senate	Conference	House	Senate	Conference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	666,000	666,000	666,000				612,000	206,000	612,000
Regular Total Funds	666,000	666,000	666,000				612,000	206,000	612,000
General Fund Continuing									
GRAND TOTAL FUNDS	666,000	666,000	666,000				612,000	206,000	612,000
II. EXPENDITURE CATEGORY									
Debt Service	666,000	666,000	666,000				612,000	206,000	612,000
TOTAL EXPENDITURES	666,000	666,000	666,000				612,000	206,000	612,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	666,000	666,000	666,000						
Regular Total Funds	666,000	666,000	666,000						
General Fund Continuing									
TOTAL BASE LEVEL	666,000	666,000	666,000						
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							612,000	206,000	612,000
TOTAL ADDITIONAL							612,000	206,000	612,000
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN	Economic Development Bond Pool - Debt Service Requirements.								
(C36GEXX01)	Provide debt service funds to support \$4,000,000 in additional Bond Funds for the Economic Development Bond Pool Program.								
General Fund							406,000		406,000
Total							406,000		406,000
3 NEW	Economic Opportunity Zones - Debt Service Requirements								
(C36EGA01)	Provide debt service funds to support Bond Funds totaling \$2,000,000 for the Economic Opportunity Zones.								
General Fund							206,000	206,000	206,000
Total							206,000	206,000	206,000
TOTAL ADDITIONAL							612,000	206,000	612,000

FB 2000-2002 BUDGET MODIFICATION REPORT

Debt Service

BRANCH BUDGET

The Branch Budget recommends funding for existing services and programs in FB 2000-2002 with the following exceptions:

Additional General Fund support totaling \$406,000 in FY 2001-2002 is provided for debt service funds to support additional economic development bonds totaling \$4,000,000. In addition, Economic Development Bonds totaling \$32,203,000 are reauthorized.

The Capital Projects Budget, Part II, includes a language provision that directs, Notwithstanding KRS 154.12-100(6), the amounts identified reflect project amounts.

HOUSE REPORT

The House concurs with the Branch Budget recommendation with the following change:

The House provides additional General Fund support totaling \$206,000 in FY 2001-2002 for debt service funds to support \$2,000,000 Bond Funds to support Economic Opportunity Zones.

SENATE REPORT

The Senate concurs with the House with the following change: The Senate deletes the additional debt service funds totaling \$406,000 in FY 2001-2002 for additional bonds for the Economic Development Bond Pool program.

CONFERENCE REPORT

The Conference concurs with the House which provides additional General Fund support totaling \$406,000 in FY 2001-2002 for debt service funds to support additional economic development bonds totaling \$4,000,000 and itemizes the following projects from the previously authorized but unissued balance of the Economic Development Bond Pool: Grayson Lake-Golf Course Development, \$4,500,000; Southeast Kentucky Center for Business Technology and Innovation, Madison County, \$4,000,000; South Central Kentucky Technology Center, Warren County, \$4,000,000; Northeast Kentucky Regional Industrial Park Authority, for the East Park Industrial, Technology and Innovation Training Center, Boyd County \$2,000,000; Tourism Development Loan Program, \$1,500,000; City of Prestonsburg to construct sidewalks and other improvements for the mountain top project, \$1,000,000; Morgan County water line connections for regionalization of water resources, \$1,000,000; and Blue Licks State Resort Park for food service expansions at the Lodge and Daniel Boone Cabin Preservation, \$750,000.